



January 31, 2006

Governor Arnold Schwarzenegger
State Capitol Building
Sacramento, CA 95814

Re: California's Climate Action Team Report Comments

Dear Governor Schwarzenegger,

We thank the Climate Action Team for the opportunity to comment on its draft report, which outlines the proposed actions that California may take to reduce its global warming emissions through to the year 2050. We represent some of the leading energy and renewable energy companies in the United States and in the World.

At the United Nations World Environment Day in San Francisco last June, you sent a signal to the rest of the country – and to the world – that California is serious about reducing our contributions to global warming.

We agree. We urge you and your administration to move forward expeditiously in implementing strategies to reduce greenhouse gas emissions in our state to meet the targets you set: reduce greenhouse gas emissions to 2000 levels by 2020, to 1990 levels by 2050 and to 80 percent below 1990 levels by 2050.

As the sixth largest economy and the ninth largest emitter of GHGs in the world (12th largest on a per capita basis) California has a critical role to play in helping the planet deal with the increasing dangers posed by global warming. Indeed, we applaud the Governor's leadership in setting responsible reduction targets, which are needed in order to avoid the catastrophic impacts that are expected to result if the world fails to take action against global warming.

The timing could not be more appropriate for California to once again assume its familiar leading role in the world. The clear implication is that for California to continue on its course of environmental leadership it must continue to increase its energy efficiency and more aggressively increase its renewable energy infrastructure, even beyond that currently envisioned for the state for the year 2020.

California needs to increase its use of renewable resources to diversify the state's electricity system and reduce its growing dependence on imported natural gas. The California Energy Commission estimates that the state has near-term economic potential for an additional 6,000 mega-watts of renewables which, if developed, would nearly double California's renewable generating capacity. The state's renewable resources offer the potential for California to significantly reduce its carbon emissions. However, significant transmission upgrades are needed to take advantage of renewable resources in the Tehachapi wind and the Imperial Valley geothermal resource areas. The Renewable Portfolio Standard (RPS) program is central to meeting California's renewable resource and climate goals; yet, the RPS continues to be plagued by a lack of transparency, overly complex rules, and

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inconsistent application among retail sellers. The Climate Action Team should work to identify and implement options to improve California's planning, monitoring, and investment within California's accelerated RPS goals.

Another key approach that would ensure that the state's economy would move in the direction of sustainability would be the implementation of a carbon cap requiring a system of mandatory reporting of carbon emissions. A reporting system employing a mandatory cap would provide enormous economic opportunities for California businesses and spur the development of clean technology industries that will help maintain California's competitiveness in the world economy and secure our state's future economic prosperity. As a renewable energy company in California, we offer proof of the opportunities for job growth and economic development that an enforceable program to reduce greenhouse gas emissions would unleash.

We are committed to helping the state of California to maintain its leadership role in the areas of energy efficiency, renewable energy, and action on climate change. We encourage the state to embrace and pursue the Governor's GHG reduction targets, and thereby help the state move towards a sustainable 21st Century economy that avoids contributing to global warming by being based on clean and renewable 21st Century energy supplies.

By pursuing a development path that includes greater energy efficiency and increased supplies of renewable energy, we believe that the state will not only preserve its role as an environmental leader in the world, but also its position as one of the world's leading economies.

We look forward to assisting you in pursuing this quest and thank you for the opportunity to comment on California's proposed actions for reducing the state's global warming emissions through to the year 2050.

Sincerely,

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Cc: Eileen Wenger Tutt, Assistant Secretary for Climate Change
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